

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 04105 241257Z

45

ACTION NEA-09

INFO OCT-01 ISO-00 EB-05 RSC-01 DRC-01 (ISO) W

----- 004241

R 241235Z SEP 74

FM AMEMBASSY KUWAIT

TO USDOC WASHDC

INFO SECSTATE WASHDC 1011

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE KUWAIT 4105

EO 11652: NA

TAGS: EINV BTIO BPRO KU

SUBJ: KUWAIT'S RENEWED INTEREST IN THIRD DELUX HOTEL

SUMMARY: LARGE INFLUX VISITORS TO KUWAIT HAS ENCOURAGED LOCAL BUSINESSMEN AND US HOTEL CHAINS TO PURSUE OPPORTUNITY TO ESTABLISH NEW DELUXE HOTEL HERE. US CHAINS SPECIFICALLY BELIEVED INTERESTED INCLUDE HYATT HOUSE, INTERCONTINENTAL, AND WESTERN. THEY DEALING WITH SEVERAL DIFFERENT GROUPS OF KUWAITI INVESTORS WHO TRYING WIN GOK APPROVAL FOR VENTURE AGAINST OPPOSITION OF OWNERS ALREADY EXISTING HILTON AND SHERATON HOTELS. GIVEN CONFLICTING INTEREST, WE BELIEVE MORE CONSENSUS MUST BE ACHIEVED BEFORE GOK GRANTS ANY FINAL APPROVAL. END SUMMARY

1. WITH CRUSH OF BUSINESS AND OFFICIAL VISITORS THAT HAVE DESCENDED UPON KUWAIT IN LAST YEAR, KUWAIT'S TWO MAJOR HOTELS (HILTON AND SHERATON) APPEAR FIRMLY IN THE BLACK. FOLLOWING END OF MUSLIM FASTING MONTH OF RAMADAN (OCT 16), IT ALMOST CERTAIN THAT AN EVEN GREATER NUMBER OF BUSINESSMEN AND OFFICIAL VISITORS WILL COME TO KUWAIT THAN IN THE PREVIOUS YEAR. THIS IS LIKELY TO CREATE SITUATIONS WHEREIN ROOMS MUST BE BOOKED AT THE TWO MAJOR HOTELS SEVERAL MONTHS IN ADVANCE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 04105 241257Z

2. THIS DEVELOPMENT HAS ENCOURAGED A NUMBER LOCAL BUSINESSMEN

RESURRECT PROPOSALS FOR THIRD DELUXE CLASS HOTEL HERE. SUCH A PROJECT HAD PREVIOUSLY BEEN DISCOURAGED BY GOK BECAUSE OF HILTON'S UNTIL RECENTLY LOW OCCUPANCY RATE AND DISMAL PROFITS. FROM REPORTS EMBASSY HAS RECEIVED IT BELIEVED THAT THERE, AT LEAST, TWO AND MORE LIKELY THREE OR MORE GROUPS OF KUWAITI BUSINESSMEN VYING OWN NEXT MAJOR HOTEL.

3. SPECIFICALLY, WE AWARE THAT INTERCONTINENTAL HOTELS HAS HAD A CONTINUING INTEREST IN ESTABLISHING SUCH A HOTEL IN KUWAIT FOR SOME TIME. HOWEVER, WE HAVE CONFLICTING REPORTS CONCERNING THEIR PROGRESS. KHALED AL-MARZOUK, CHAIRMAN OF BOTH KUWAIT REAL ESTATE CO AND KUWAIT TOURISM AND RECREATION CO BOTH COMPANIES WHICH PRIME CANDIDATES FOR, AT LEAST, PARTIAL OWNERSHIP OF SUCH A HOTEL, CLAIMED TALKS WITH ICH BROKE DOWN OVER BASICS. MARZOUK'S GROUP WANTED TO OWN HOTEL AND GIVE LONG-TERM LEASE TO ICH, WHEREAS ICH ALLEGEDLY ASKED FOR PARTNERSHIP AND MANAGEMENT CONTRACT. ON OTHER HAND, A PROMINENT LOCAL LAWYER TOLD ANOTHER EMBOFF ICH WAS STILL CLOSELY INVOLVED WITH KUWAITI INVESTORS SEEKING ESTABLISH THIS HOTEL. MARZOUK ALSO STATED HIS GROUP HAD RECENTLY HAD CONTACTS WITH THE WESTERN HOTEL CHAIN, AND WE KNOW THAT HYATT HOUSE, SENIOR EXEC, PETER DETULIO, WORKING THROUGH SMALL LOUISVILLE FIRM OF ENCK HOLLINGSWORTH, AND REVEAUX, VISITED KUWAIT AND HELD DISCUSSIONS WITH JASSEM AND ALI AL-WAZZAN, WHO HAVE OWNERSHIP IN BOTH AGING BRISTOL HOTEL AND RECENTLY OPENED MESSILAH BEACH MOTEL. IF DEAL GOES THROUGH, PLAN IS FOR HYATT CHAIRMAN PRITZKER TO MAKE MODEST INVESTMENT IN AL-WAZZAN'S PRESENT HOTEL CO, (20 PERCENT) MIDDLE EAST HOTELS, TRADING, AND TOURISM CO. IF THEY GET PERMISSION TO ESTABLISH HYATT HOUSE HOTEL, PRITZKER WOULD PUT UP HIS SHARE OF FINANCING FOR APPROX 200 ROOM HOTEL WHICH THE CHAIN WOULD MANAGE.

4. IN SHORT, APPEARS CONSIDERABLE INTEREST EXISTS BOTH AMONG KUWAITI BUSINESSMEN AND US HOTEL CHAINS TO ESTABLISH NEW DELUXE HOTEL IN KUWAIT. HOWEVER, WITH SEVERAL INFLUENTIAL GROUPS ATTEMPTING TO GET LICENSE FOR VENTURE AND EQUALLY INFLUENTIAL SHAREHOLDERS IN HILTON AND SHERATON LIKELY TO ATTEMPT HOLDING ACTION, WE DOUBT ANY QUICK DECISION WILL BE MADE. GIVEN APPARENT INTEREST OF SEVERAL WELL-KNOWN US FIRMS WE SEE NO RPT NO REASON TO INVOLVE OURSELVES AT THIS TIME.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KUWAIT 04105 241257Z

STOLTZFUS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, FOREIGN INVESTMENT, HOTELS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT04105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740269-0176
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740919/aaaaaqueu.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Aug-2002 by rowelle0>; APPROVED <05 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT'S RENEWED INTEREST IN THIRD DELUX HOTEL SUMMARY: LARGE INFLUX VISITORS TO KUWAIT HAS ENCOURAGED LOCAL
TAGS: EINV, BTIO, BPRO, KU
To: COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005